

Message Text

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PAGE 01 STATE 306100
ORIGIN AF-08

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TO AMEMBASSY LAGOS
INFO AMEMBASSY BONN

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E.O. 11652:N/A

TAGS:BENC, BGEN, EINV, NI

SUBJECT:MAJOR PROJECT: NIGERIA DIRECT REDUCTION STEEL MILLS

REF: A) LAGOS 13391; B) LAGOS 12702 AND PREVIOUS

1. RICHARD SHIMKO, VICE PRESIDENT DRAVO CORP., TOLD AF/W OFFICER ON CONFIDENTIAL BASIS THAT HIS FIRM PRESENTLY CONSIDERING EQUITY VENTURE WITH KORF-LURGI FOR CONSTRUCTION OF DIRECT REDUCTION STEEL MILL IN NIGERIA. ACCORDING TO SHIMKO, DRAVO HAS WORKED TOGETHER WITH LURGI IN PAST AND EMPLOYS SAME REDUCTION PROCESS AS LURGI THUS MAKING PARTNERSHIP FEASIBLE. LURGI APPROACHED DRAVO TO DO CONSTRUCTION BUT KORF FAVORSJULIUSBERGER AND TAYLOR WOODROW(U.K. FIRM) OVER DRAVO. WHEN SHIMKO GOT AROUND TO DIVULGING DRAVO PLANS TO MIN TRANSPORT PERMSEC IBIE HERE IN WASHINGTON, LATTER'S REACTION WAS THAT JULIUS BERGER IS ALREADY QUOTE FAT WITH PROJECTS UNQUOTE .
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PAGE 02 STATE 306100

QUOTE I AMFED-UP WITHBERGER TRYING TO GET IN ON EVERY-
THING UNQUOTE.

2. SHIMKO SAID KORF WILL PUT UP DM ONE BILLION AND LURGI DM 400 MILLION AS EQUITY FOR ESTIMATED DOLS 600 MILLION STEEL COMPLEX IN ONNE. DRAVO CONSIDERING SEVERAL POSSIBLE

WAYS OF JOINING VENTURE, AMONGST WHICH ARE: A) JOIN

CONSORTIUM DIRECTLY; B) DIRECT CONTRACT WITH FMG; C)
USE POTENTIAL JOINT VENTURE CONSTRUCTION COMPANY SHOULD
DRAVO SUCCEED IN WINNING OVER LATIN AMERICAN COMPETITION;
D) SUB-CONTRACT TO LURGI-KORF. DRAVO WELCOMES EMBASSY
ADVICE ALTHOUGH IT LEANING TOWARD OPTIONS A AND C AT
PRESENT.
KISSINGER

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Message Attributes

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